

Farm chemicals include chemical products used in production agriculture, the products of which are to be sold, or in the production or care of animals that are to be sold or the products of which are to be sold. See 86 Ill. Adm. Code 130.1955. (This is a GIL.)

June 9, 2003

Dear Xxxxx:

This letter is in response to your letter dated February 27, 2003. We apologize for the delay in responding to your inquiry. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found on the Department's Internet website at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

I would like to request all information you have regarding the purchase of products for agricultural use and which ones are tax exempt. I am aware that the purchase of Aglime to be used as a fertilizer for growing crops is tax exempt but, is it the only product a purchaser can buy that is considered to be tax exempt for agricultural use?

Your response in this matter in a timely manner is greatly appreciated.

#### **DEPARTMENT'S RESPONSE:**

The Department does not keep a list of all of the items that may qualify for the farm chemicals or farm machinery and equipment exemptions. For your information, we have enclosed a copy of 86 Ill. Adm. Code 130.1955, which is the regulation for the farm chemicals exemption. This regulation describes the kinds of farm chemicals that qualify for the exemption. In general, farm chemicals include chemical products used in production agriculture, the products of which are to be sold, or in the production or care of animals that are to be sold or the products of which are to be sold.

"Production agriculture" means the raising of or the propagation of livestock; crops for sale for human consumption; crops for livestock consumption; and production seed stock grown for the propagation of feed grains and the husbandry of animals or for the purpose of providing a food product, including the husbandry of blood stock as a main source of providing a food product. "Production agriculture" also means animal husbandry, floriculture, aquaculture, horticulture, and viticulture. 35 ILCS 120/2-35 (2000 State Bar Edition).

Production agriculture, with respect to crops, is generally limited to activities necessary in tilling the soil, planting, irrigating, cultivating, applying herbicide, insecticide, or fertilizer, harvesting and drying of crops. Activities such as the clearing of land, mowing of fence rows or ditches, or creation of ponds or drainage facilities are not considered production agriculture, nor are the operations involved in the storing or transporting of crops and produce. See for example subsection (f) of the enclosed copy of 86 Ill. Adm. Code 130.305 which is the regulation covering the exemption afforded machinery and equipment used primarily in production agriculture. This exemption applies to machinery and equipment used primarily in production agriculture or for use in State or Federal agricultural programs, including any individual replacement part for such machinery and equipment. See subsection (a) of Section 130.305.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton  
Associate Counsel

TDC:msk  
Enc.